

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i>,	:
	:
Debtors.	:
	:
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Chapter 11 Case No.
08-13555 (JMP)
(Jointly Administered)

**ORDER GRANTING DEBTORS' MOTION
PURSUANT TO SECTIONS 105(a) AND 363(b)
OF THE BANKRUPTCY CODE FOR AUTHORIZATION
TO IMPLEMENT THE DEFENSE COSTS FUND**

A hearing having been held on December 21, 2011 (the "Hearing"), to consider the motion, dated November 23, 2011 (the "Motion"),¹ of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors in possession (the "Debtors"), pursuant to sections 105(a) and 363(b)(1) of title 11 to the United States Code (the "Bankruptcy Code"), for an order authorizing the Debtors to implement the Defense Costs Fund [ECF No. 22647], all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided in accordance with the procedures set forth in accordance with the procedures set forth in the second amended order entered on June 17, 2010, governing case management and

administrative procedures for these cases [ECF No. 9635], on (i) the U.S. Trustee; (ii) the attorneys for the Creditors' Committee; (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; (v) attorneys for the Covered Persons; and (vi) all parties who have requested notice in these Chapter 11 Cases, and it appearing that no other or further notice need be provided; and upon consideration of the Motion, the objection thereto (the "Objection") filed by the official committee of unsecured creditors (the "Committee") [ECF No. 23178], the Debtors' reply to the Objection [ECF No. 23213], and the record of the Hearing; and the Debtors having modified the Motion as reflected in said record in a manner consistent with this Order as provided below; and the Committee having withdrawn the Objection based on said modification; and the Court having found and determined that the relief sought in the Motion, as modified, is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion, as modified, is granted as provided herein; and it is further

ORDERED that pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code, the Debtors are authorized to advance funds for the Defense Costs Fund in accordance with the terms set forth in the Motion; provided however that (a) the Defense Costs Fund shall not be replenished once it is exhausted, and (b) any distributions and/or entitlements that a Covered Person may have under the Plan with respect to any indemnification proofs of claim that he or she has filed against LBHI shall be reduced, on a dollar for dollar basis, by that amount

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

advanced from the Defense Costs Fund to such Covered Person and/or his or her designated counsel; and it is further

ORDERED that nothing in this Order or the Motion, as modified, nor the payment of legal costs by the Debtors shall prejudice any claims or rights that the Debtors or Covered Persons may have against any insurance provider with respect to the legal costs incurred by the Covered Persons and paid by the Debtors pursuant to this Order; and it is further

ORDERED that nothing in this Order shall constitute a determination of any insurance coverage rights or obligations under the D&O Policies or any other insurance policies; and it is further

ORDERED that notice of the Motion as provided therein shall be deemed good and sufficient notice of the Motion; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York
December 22, 2011

s/ James M. Peck
HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE